

LANCASTER COUNTY

COUNTY - CITY BUILDING
LINCOLN, NEBRASKA 68508
BOARD OF COMMISSIONERS

Telephone: (402) 441-7410
FAX : (402) 441-6513

IT IS THE VENDOR'S RESPONSIBILITY TO CHECK
FOR ADDENDUMS PRIOR TO SUBMITTING PROPOSALS

REQUEST FOR PROPOSALS SPECIFICATION NO. 04-001

Lancaster County intends to enter into contract and invites you to submit a sealed proposal for:

AUDITING SERVICES FOR ALL LANCASTER CO. FUNDS / OFFICERS AND LINCOLN/LANCASTER COUNTY PUBLIC BUILDING COMMISSION

MEETING OR EXCEEDING LANCASTER COUNTY'S SPECIFICATIONS

Sealed proposals will be received by Lancaster County, Nebraska on or before 12:00 noon Wednesday, **January 14, 2004** in the office of the Purchasing Agent, *Suite 200, "K" Street Complex (SW Wing), located at 440 South 8th Street, Lincoln, Nebraska 68508*. ONLY the proposer names will be read publicly at the Proposal Opening on ground floor of the "K" Street Complex.

Proposers should take caution if U.S. mail or mail delivery services are used for the submission of proposals. Mailing should be made in sufficient time for proposals to arrive in the Purchasing Division, prior to the time and date specified above. Late proposals will not be considered.

COMMISSIONERS

DEB SCHORR * LARRY HUDKINS * RAY STEVENS * BERNIE HEIER * BOB WORKMAN
KERRY EAGAN, Chief Administrative Officer

REQUEST FOR PROPOSAL SPECIFICATION NO. 04-001

BID OPENING TIME: 12:00 NOON
DATE: Wednesday, January 14, 2004

ADDENDA RECEIPT: The receipt of the addenda to the specification number ____ through ____ is hereby acknowledged. Failure of any bidder to receive any addenda or interpretation shall not relieve the bidder from obligations specified in the bid request. All addenda shall become part of the final contract document.

The undersigned submitter, having full knowledge of the requirements of Lancaster County for the listed project, the Contract Documents and all other terms and conditions of the request, agrees to provide the services, certificate of insurance, unemployment compensation, in strict accordance with the specifications as prepared by the County for the consideration of the amount set forth in the following price schedule:

AUDITING SERVICES FOR LANCASTER COUNTY

YEAR	COUNTY AUDIT FEE	BLDG. COMM. FEE	TOTAL LUMP SUM OFFER
FY 2004	\$	\$	\$
FY 2005	\$	\$	\$
FY 2006	\$	\$	\$
FY 2007	\$	\$	\$
FY 2008	\$	\$	\$
FY 2009	\$	\$	\$
TOTAL LUMP SUM FEE FOR 6 YEARS		\$	

Above figures include providing County's standard two million dollar aggregate limit for insurance. The County is considering raising this limit to five million. Indicate if this will change your fee schedule: Y__ , N__. If "Y", indicate amount: _____

**NOTE: RETURN 8 COMPLETE COPIES OF YOUR OFFER AND SUPPORTING MATERIAL.
ALONG WITH A SEPARATE SEALED ENVELOPE WITH 2 COPIES OF YOUR PRICE PROPOSAL.
MARK OUTSIDE OF THE OFFER AS FOLLOWS: SEALED RFP FOR SPEC. NO. 04-001**

The undersigned signatory of the bidder represents and warrants that he has full and complete authority to submit this offer to Lancaster County, and to enter into a contract if this offer is accepted.

COMPANY NAME

BY (Signature)

STREET ADDRESS or P.O. BOX

(Print Name)

CITY, STATE

ZIP CODE

(Title)

TELEPHONE NO.

(Date)

FAX NO.

EMPLOYER'S FEDERAL I.D. NO.
OR SOCIAL SECURITY NUMBER

Email: _____

INSTRUCTIONS TO PROPOSERS

LANCASTER COUNTY, NEBRASKA
PURCHASING DIVISION

1. PROPOSAL PROCEDURE

- 1.1 Proposer shall submit eight (8) complete sets of the RFP documents and all supporting material. Any interlineation, alteration or erasure on the specification document shall be initialed by the proposer. Proposer shall not change the proposal form nor make additional stipulations on the specification document. Any amplified or qualifying information shall be on the Proposer's letterhead and firmly attached to the response/offer document.
- 1.2 *Proposed prices shall be submitted on the Proposal Form included (attach detailed audit breakout) in a separate sealed envelope with the RFP number and/or description clearly marked on the outside of the envelope.*
- 1.3 Each RFP must be legibly printed in ink or by typewriter, include full name, business address, and telephone no. of the Proposer; and be signed in ink by the Proposer.
- 1.4 Response by a firm / organization must include the name and address of each Partner or Shareholder.
- 1.5 A response by a corporation must be signed in the name of such corporation by a duly authorized official thereof.
- 1.6 Any person signing a response for a firm, corporation, or other organization must show evidence of his authority so to bind such firm, corporation, or organization.
- 1.7 Proposals received after the time and date established for receiving offers will be rejected.

2. EQUAL OPPORTUNITY

- 21 Each proposer agrees that it shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, disability, national origin, age, or marital status. In the employment of persons, proposer shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to race, color, religion, sex, disability, national origin, age, or marital status.

3. DATA PRIVACY

- 31 Proposer agrees to abide by all applicable State and Federal laws and regulations concerning the handling and disclosure of private and confidential information concerning individuals and corporations as to inventions, copyrights, patents and patent rights.
- 3.2 The proposer agrees to hold the County harmless from any claims resulting from the proposer's unlawful disclosure or use of private or confidential information.
- 3.3 Proposer agrees to comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and implementing regulations pertaining to confidentiality of health information.
 - 1.1 Contractor agrees to comply with the terms of the County's "HIPAA Business Associate Contract" included with the "Sample Contract", which will be part of the contract and incorporated by this reference.

4. PROPOSER'S REPRESENTATION

- 4.1 Each proposer by signing and submitting an offer, represents that he/she has read and understands the specification documents, and the offer has been made in accordance therewith.
- 4.2 Each offer for services further represents that the proposer is familiar with the local conditions under which the work is to be performed and has correlated their observations with the requirements of the RFP.

5. INDEPENDENT PRICE DETERMINATION

- 5.1 By signing and submitting this RFP, the proposer certifies that the prices offered have been arrived at independently, without consultation, communication or agreement, for the purpose of restricting competition, with any other proposer competitor; unless otherwise required by law, the prices which have been quoted in this offer have not been knowingly disclosed by the proposer prior to RFP opening directly or indirectly to any other competitor; no attempt has been made, or will be made, by the proposer to induce any person or firm to submit, or not to submit, a response for the purpose of restricting competition.

6. SPECIFICATION CLARIFICATION

- 6.1 Proposers shall promptly notify the Purchasing Agent of any ambiguity, inconsistency or error which they may discover upon examination of specification documents.
- 6.2 Proposers desiring clarification or interpretation of the specification documents shall make a written request which must reach the Purchasing Agent at least seven (7) calendar days prior to date and time for response receipt.
- 6.3 Interpretations, corrections and changes made to the specification documents will be made by written addenda.
- 6.4 Oral interpretations/changes to Specification Documents made in any other manner, will not be binding on the County; proposers shall not rely upon oral interpretations.

7. ADDENDA

- 7.1 Addenda are written instruments issued by the County prior to the date for receipt of offers which modify or interpret the specification document by addition, deletion, clarification or correction.
- 7.2 Addenda will be mailed or delivered to all who are known by the County to have received a complete set of specification documents.
- 7.3 Copies of addenda will be made available for inspection at the office of the Purchasing Agent.
- 7.4 No addendum will be issued later than forty-eight (48) hours prior to the date and time for receipt of offers, except an addendum withdrawing the RFP, or addendum including postponement.
- 7.5 Proposers shall ascertain prior to submitting their offer that they have received all addenda issued, and they shall acknowledge receipt of addenda on the proposal form.

8. ANTI-LOBBYING PROVISION

- 8.1 During the period between the bid close date and the contract award, bidders, including their agents and representatives, shall not directly discuss or promote their bid with any member of the County Board or County Staff except in the course of County-sponsored inquiries, briefings, interviews, or presentations, unless requested by the County.

9. EVALUATION AND AWARD

- 9.1 The signed proposal shall be considered an offer on the part of the proposer. Such offer shall be deemed accepted upon issuance by the County of purchase orders, contract award notifications, or other contract documents appropriate to the work.
- 9.2 No offer shall be withdrawn for a period of ninety (90) calendar days after the time/ date established for receiving offers, and each proposer agrees in submitting an offer.
- 9.3 Fee envelopes will be opened and ranked according to the criteria set forth herein (see evaluation criteria).
- 9.4 The RFP process is designed to be a competitive negotiation platform, where price is not required to be the sole determinative factor; also the County has the flexibility to negotiate with a select firm or selected firms to arrive at a mutually agreeable relationship.
- 9.5 A committee will be assigned the task of reviewing the proposals received.
1. The committee may request documentation from Proposer(s) of any information provided in their proposal response, or require the Proposer to clarify or expand qualification statements.
 2. The committee may also require a site visit and/or verbal interview with a Proposer or select group of Proposers to clarify and expand upon the proposal response.
- 9.6 The RFP will be awarded to the most responsible proposer whose proposal will be most advantageous to the County, and deemed will best serve their requirements.
- 9.7 The County reserves the right to accept or reject any or all offers, parts of offers; request rebids; waive irregularities and technicalities in offers; such as shall best serve the requirements and interests of the County.

10. TERMINATION/ASSIGNMENT

- 10.1 The County may terminate the Contract if the Contractor:
1. Refuses or fails to supply enough properly skilled staff to satisfactorily provide complete audit requirements as requested.
 2. Disregards laws, ordinances, or regulations or orders of a public authority having jurisdiction over the Contract.
 3. Otherwise commits a substantial breach of any provision of the Contract Document.
- 10.2 *By mutual consent by both parties of the contract agreement*, upon receipt and acceptance of written notice, the contract may be terminated on an agreed upon date, prior to the end of the contract period, without penalty to either party.
1. Upon any such termination, the Contractor agrees to waive any claims for damages, including loss of anticipated profits, on account thereof, and as the sole right and remedy of the Contractor, the County shall pay Contractor in accordance with this section.

2. Upon such termination, the obligations of the Contract shall continue as to options of the work already performed and as to bona fide obligations the Contractor assumed prior to the date of termination.

- 10.3 In the event of any proceedings by or against either party, voluntary or involuntary, in bankruptcy or insolvency, or for the appointment of a receiver or trustee for the benefit of creditors, of the property of the Contractor, the County may cancel this contract or affirm the contract and hold the Contractor responsible for damages.
- 10.4 The contract established as a result of this RFP process shall not be transferred to/or assigned without prior written consent of the County Board of Commissioners.

11. INDEMNIFICATION

- 11.1 The proposer shall indemnify and hold harmless the County, its members, its officers and employees from and against all claims, damages, losses, and expenses, including, but not limited to attorney's fees arising out of or resulting from the performance of the contract, provided that any such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property other than goods, materials and equipment furnished under this contract) including the loss of use resulting therefrom; is caused in whole or part by any negligent act or omission of the proposer, any subcontractor, or anyone directly or indirectly employed by any one of them or anyone for whose acts made by any of them may be liable, regardless of whether or not it is caused by a party indemnified hereunder.
- 11.2 In any and all claims against the County or any of its members, officers or employees by an employee of the proposer, any subcontractor, anyone directly or indirectly employed by any of them or by anyone for whose acts made by any of them may be liable, the indemnification obligation under paragraph 11.1 shall not be limited in any way by any limitation of the amount or type of damages, compensation or benefits payable by or for the proposer or any subcontractor under worker's or workmen's compensation acts, disability benefit acts or other employee benefit acts.

12. TERMS OF PAYMENT

- 12.1 Unless other specification provisions state otherwise, payment in full will be made by the County within thirty (30) calendar days after all labor has been performed and all equipment or other merchandise has been delivered, and met all contract specifications or as specified in the contract documents.

13. LAWS

- 13.1 The Laws of the State of Nebraska shall govern the rights, obligations, and remedies of the Parties under this proposal and any agreement reached as a result of this process.

SPECIFICATIONS

FOR

AUDITING SERVICES

FOR LANCASTER COUNTY

1. **SCOPE OF SERVICES:** Lancaster County Nebraska ("*County*") is seeking proposals from interested Auditing Firms ("*Proposers*") for furnishing audit services to the County, in accordance with generally accepted auditing standards, of financial statements prepared in accordance with generally accepted accounting principals applicable to governments, and in accordance with provisions of the Single Audit Act of 1984 as amended in 1996, OMB Circular A-133.

- 1.1 CONTRACT TERM: County is interested in entering into a three (3) year contractual agreement with three (3) additional one (1) year renewals (renewals are at the County's option for a possible total of six years) for a professional firm to provide Auditing Services for all Lancaster County Funds and all County Officers.
- 1.2 Proposed audit must conform to all generally accepted auditing standards using practitioners of accountancy licensed in the State of Nebraska.
- 1.3 The County's fiscal year is July 1 through June 30.
- 1.3.1 Proposed contract would begin with the County's fiscal year 2004 (June 30, 2004) and include fiscal years 2005 and 2006.

2. **INQUIRES:** All Inquiries are to be made, in writing to:

Kathy Smith, Assistant Purchasing Agent
"K" Street Complex (SW Wing)
440 So. 8th Street, Suite 200
Lincoln, NE 68508
ksmith@ci.lincoln.ne.us FAX: (402) 441-6513

A copy of the latest audits, are available for review at the County's web site:

[Http://www.ci.lincoln.ne.us/cnty/budget/index.htm](http://www.ci.lincoln.ne.us/cnty/budget/index.htm)

(Including: Lancaster County, the Community Mental Health Center, the leasing corporation, the veteran's aid fund and the Lincoln/Lancaster County Public Building Commission)

3. **RFP PROCESS SCHEDULE:**

- | | | |
|-----|--------------------------------------|------------|
| 3.1 | Final Date for Receipt of Proposals: | 01/14/2004 |
| 3.2 | Notification of Finalists: | 01/21/2004 |
| 3.3 | Oral Presentations by Finalists: | 01/28/2004 |
| 3.4 | Selection of Successful Firm | 02/10/2004 |

4. **GENERAL INFORMATION:** Proposed audits must satisfy the requirements of sections 23-1608 to 23-1610 R.R.S. NE 1943, as amended, and conducted in accordance with "Government Auditing Standards" issued by the Comptroller General of the United States, the provisions of the OMB Circular A-133 Audits of "States, Local Governments, & Non-Profit Organizations" and rules and regulations promulgated by the Auditor of Public Accounts.
- 4.1 The product produced shall be bound copies of the final reports and shall include a report cover, index or table of contents, independent auditors' reports (financials, compliance and internal control), financial statements, supplemental schedules, notes to the financial statements and such additional information as may be required by the Nebraska revised Statutes and/or Generally Accepted Accounting Principles (GAAP).
- 4.2 Management letter/s which include recommendations affecting the financial statements, internal control, accounting systems and legality of actions and other matters considered appropriate are to be considered as an integral part of the audit report.
- 4.2.1 A sufficient quantity of the final auditing reports shall be supplied to meet the County needs (approximately 50 copies of the County-wide audit and 12 copies of all other audits requested).
- 4.3 The Successful Auditor shall provide access to working papers for parties authorized by the County Board of Commissioners including appropriate federal agencies for the period of time specified in relevant agreements entered into by the County.
5. **TIME OF PERFORMANCE:** Services to be performed hereunder by the Successful Auditing Firm shall be completed in such a sequence as to assure their expeditious completion by no later than six (6) months after each fiscal year end (on or before December 31) unless otherwise stated (see 13.1).
6. **FEES AND CONTRACT AMENDMENTS:** The Price Proposal included with your offer shall include a firm fixed price proposal for each of the possible six (6) contract fiscal years.
- 6.1 Provide your Price Proposal (two copies including all attachments) in a separate sealed envelope marked "RFP #04-001, Fee Schedule for (your firm name)".
- 6.2 All fees listed in the proposal and included in the contract will be the maximum paid per hour and in total, unless an amendment to the contract is ratified by both parties.
- 6.2.1 The County agrees to pay the Contractor a sum not to exceed the contract amount annually for all services required herein, which shall include reimbursement for any expenses incurred.
- 6.2.1.1 The Contractor, by submission of this offer, agrees to complete the project and all services provided herein for said firm, fixed compensation.
- 6.2.2 Extenuating circumstances may exist throughout the contract period which may require mutually agreed upon adjustments to the contract prices.
- 6.2.2.1 Such changes, which are mutually agreed upon, shall be incorporated in written amendments to the contract.
- 6.3 Included with your RFP (on the form provided, in a separate sealed envelope) detail the individual fixed price proposals for ***auditing service fee for the County*** (to include: The County audit; separate audit for, the Community Mental Health Center; Veterans Aid Fund; and Lancaster County Leasing Corp.) and a ***separate auditing fee for County/City Public Building Commission audit*** (see 13.2) - Include any additional fees/charges on an attachment to the form.

7. **METHOD OF PAYMENT:** The Contractor shall be entitled to payment in accordance with the following provisions:
- 7.1 Monthly payments will be made as billed by the Successful Firm and approved by the County while work is in progress.
 - 7.2 Twenty percent (20%) of the firm, fixed fee will be retained until all deliverables are received and approved by the County.
8. **OPTIONS TO RENEW:** The initial contract period is for three (3) years with options to renew for three (3) additional, one (1) year periods.
- 8.1 Renewals will be offered at the County's option.
 - 8.1.1 By mutual consent of both parties it is understood and agreed that the contract may be renewed only at the prices listed herein and under the same conditions governing the original contract.
 - 8.1.2 Any request for an increase in the base prices listed or a change in the contract conditions shall be interpreted as a request not to renew the contract at the end of the initial contract period.
 - 8.1.3 Audit Services for FY 2007, 2008 and 2009 shall not commence without an engagement memorandum signed by both parties for the particular fiscal year.
9. **TERMINATION PROVISIONS:** The County shall have the right to terminate this contract upon twenty (20) days written notice to the Successful Firm, if the Firm:
- 9.1 Refuses or fails to supply enough properly skilled staff to satisfactorily provide complete acceptable auditing services as requested by the County.
 - 9.2 Disregards laws, ordinances, or regulations or orders of public authority having jurisdiction over the Contract.
 - 9.3 Otherwise commits a substantial breach of any provision of the Contract Documents.
 - 9.3.1 Twenty days after the receipt of such notice, the contract shall automatically terminate without further obligation of the parties, except the Firm may be paid on the basis of performed work hereunder which can be used by the firm secured by the County to complete the requirements (applies to 9.1, 9.2 and 9.3).
 - 9.3.2 The county may, at its discretion, contract for provision of the services required to complete the contract and hold the Firm liable for all expenses incurred in such additional contract over and above the total cost of performance set forth in the contract (applies to 9.1, 9.2 and 9.3).
 - 9.4 Should legislative changes or regulation occur altering the County's auditing requirements, the County reserves the right to limit the number of years to which the County will be bound to the agreement or adjust the contract price for any changes in the "Scope of Work" (see 6.2.2 herein).
 - 9.5 *By mutual consent by both parties of the contract agreement*, upon receipt and acceptance of written notice, the contract may be terminated on an agreed upon date, prior to the end of the contract period, without penalty to either party.
 - 9.5.1 Upon any such termination, the Contractor agrees to waive any claims for damages, including loss of anticipated profits, on account thereof, and as the sole right and remedy of the Contractor, the County shall pay Contractor in accordance with this section.

10. SERVICES AND MATERIALS TO BE FURNISHED BY THE COUNTY: The County shall furnish the Contractor with all available necessary information, data and materials pertinent to the completion of the County Audits.

10.1 The County shall cooperate with the Contractor in carrying out the work herein, and shall provide adequate liaisons between the Contractor and other agencies of County Government.

10.2 The County Board of Commissioners has established an Audit Committee to play an active role in the annual audit of County records.

10.2.1 Responsibilities of the Audit Committee include meeting with the Contractor prior to the audit and resolving any issues or concerns relative to the audit.

10.2.2 An annual exit conference with the Contractor will also be conducted by the Audit Committee upon completion of the audit field work to address any issues or concerns.

DETAILED INFORMATION

11. **ACCOUNTING RECORDS:** The County Financial System is "Advantage Financial", (release 2.2) marketed by American Management Systems, Inc. and supported by the City of Lincoln's Information Services Division. **The County will be migrating to People Soft Enterprise One Software** in the next two years. County Records are maintained on the following basis:

- 11.1 REVENUES: are generally recorded at the time the cash is collected rather than when revenues are earned.
 - 11.1.1 Exceptions are made in instances where significant revenues are not collected yet are earned and measurable and were anticipated in the estimated revenues for that fiscal year.
- 11.2 EXPENDITURES: Payroll expenditures are accrued to the end of the month based on the last full payroll of the month and the number of days remaining in the month.
 - 11.2.1 Employees are paid bi-weekly.
 - 11.2.2 Vendors are paid weekly.
 - 11.2.3 Cutoff for submission of vendor payment is the last working day of the fiscal year (June 30th). These will be reflected as vouchers payable.
 - 11.2.4 If an agency is out of appropriations, the claim will be charged to the new fiscal year.
 - 11.2.5 Encumbrances are carried as a reserve of fund balance and as an obligation against appropriations for budgetary accounting.
- 11.3 With the implementation of People Soft Enterprise One Software, the County intends to convert the records to GAAP 2nd year end.
- 11.4 For FY03 the County is implementing the format and presentation requirements of GASB statement no. 34, however until the new accounting software is implemented the County, needs to continue reporting on the current basis of accounting.

12. **FISCAL YEAR REVENUES, EXPENDITURES AND STAFF:**

- 12.1 FY 2002: EXPENDITURES \$120,029,763 REVENUES \$114,353,880
- 12.2 BUDGETED FULL TIME EQUIVALENT POSITIONS FOR FY04: 1,108

- 12.3 FY 2002 audit report reflects the additional receipts and disbursements for the following County Offices:

<u>AGENCY AND FUND DESCRIPTION</u>	<u>RECEIPTS</u>	<u>DISBURSEMENT</u>
County Clerk Fees	\$54,671.00	\$54,671.00
Register of Deeds Fees & Doc. Stamp Tax	\$3,373,141.00	\$3,360,410.00
Clerk of the District Court - Alimony, Child Support and Fees	\$26,022,294.00	\$27,765,935.00
County Sheriff Fees and Others	\$1,844,699.00	\$1,820,403.00
County Attorney Bad Checks & Fees	\$698,677.00	\$697,424.00
Noxious Weed District	\$39,028.00	\$39,028.00
County Corrections Inmate Funds and Board & Room	\$5,422,770.00	\$5,428,539.00
Veteran's Aid Fund	\$10,450.00	\$10,843.00
County Engineer Fees & Reimbursements	\$874,247.00	\$874,247.00
Extension Board	\$111,443.00	\$111,443.00
TOTAL	\$38,451,420.00	\$40,162,943.00

- 12.4 The FY 2002 Audit report of the County included the Lancaster County Leasing Corporation as a blended component unit.

- 12.5 The FY 2002 & 03 Audit Costs were **\$2,000.00** for the Public Building Commission, County Costs were **\$30,000.00** for FY02 & **\$33,000.00** for 03.

13. ADDITIONAL REQUIREMENTS AND AUDITS: Separate audit reports or additional fieldwork will be required for the following:

13.1 WITHIN THE COUNTY WIDE AUDIT:

- 13.1.1 COMMUNITY MENTAL HEALTH: This audit is on an accrual basis and must satisfy the audit and reporting requirements of Region V Mental Health.

13.1.1.1 This audit report is due 90 days after year end.

- 13.1.2 LANCASTER LEASING CORPORATION: A separate audit report is required for the Leasing Corporation established by the County Board of Commissioners.

- 13.1.3 VETERANS AID FUND: A cash based audit of the County Veterans Service Committee is required.

- 13.1.4 DIVERSION SERVICES & BAD CHECK PROGRAM: These programs are under the direction of the County Attorney and must be included as part of their audit.

13.1.5 TRANSFER OF COUNTY OFFICERS: Cash and other assets are the responsibility of the respective officer of each county agency.

13.1.5.1 In the event there is a change in County Officials (due to election or other appointment) the Contractor shall make a proper determination that all cash and other assets of the County have been accounted for and transferred to the new official.

13.2 LINCOLN/LANCASTER COUNTY PUBLIC BUILDING COMMISSION: A separate audit will be required for the Public Building Commission.

13.2.1 This audit will be negotiated under separate contract from the County Wide Audit.

13.2.2 In the event the Public Building Commission selects auditors other than the Contractor selected by the County Board of Commissioners, the cost of providing the Public Building Commission audit would be deducted from the County's" total lump sum offer" as stated on the 6 year fee schedule.

13.2.2.1 Include with your offer (on a separate sheet attached to the fee proposal) a break out of the separate charges (including proposed hours, expenses, etc.) to perform the County Wide audits and the Public Building Commission audits.

14. CONCERNS AND GOALS: The County intends to install People Soft Enterprise One as the County Financial System and have it operational on or before July 1, 2005.

14.1 With the full implementation of People Soft Enterprise One our goal is to have the audit lead to the expression of an unqualified opinion on the Financial Statements that collectively comprise the County's basic Financial Statements.

SUBMITTAL AND QUALIFICATIONS

15. **INDIVIDUAL AUDIT STAFF TECHNICAL QUALIFICATIONS:** The proposal information requests and evaluation criteria are as follows:

15.1 ***Identify the proposed audit team*** and include resume information on each team member. Indicate the number of people (by level) located within the local office that will conduct and supervise the audit.

15.1.1 Provide a list of the local office's current and prior government audit clients indicating the type(s) of services performed and the number of years served for each.

15.1.2 Should include the depth of staff within the local office and government audit experience within the office, as well as years devoted to government auditing.

15.2 ***Describe the experience in government audits*** of each senior and higher level person assigned to this audit, including years on each job and their position while on each audit.

15.2.1 Indicate the percentage of time the senior will be on-site.

15.2.2 Provide a list of similar prior and current audits for each senior person assigned to this audit, including auditing relevant to particular government organizations, programs, activities or functions.

15.2.3 Each individual, **including senior and supervisory persons*, should have performed at least three (3) government audits within the past two (2) years.

15.2 ***Describe the relevant educational background*** of each individual assigned to the audit (should include seminars and courses attended within the past two years).

15.2.1 Each individual*, should have attended at least one governmental accounting or auditing update course within the past two (2) years.

15.3 ***Describe the participation of Team members* in state or national professional organizations***; include speaker or instructor roles in conferences or seminars, or authorship of articles and books.

15.3.1 Points are given only if one or more persons have experience in a particular government organization, program, activity or function relevant to this audit.

15.4 ***Indicate your firm's expertise in providing interpretations of pronouncements*** requiring new or changed financial disclosures and their application to the financial statements, including resources available to you other than your local office.

- 15.4.1 List the name of the governmental clients that your local office has provided this service to and the type of help provided.
- 15.4.2 Additional technical expertise should be available within the local office and other firm resources.
- 15.5 ***Indicate training and experience with audits performed under the Single Audit Act of 1984*** as amended in 1996 and OMB Circular A-133 by individuals on the audit team.
 - 15.5.1 Score based on depth of understanding of the Act and amendments.
- 15.6 ***Describe your audit organization's participation in AICPA*** - sponsored or comparable quality control programs.
 - 15.6.1 This is related to quality of the audit and review process within the audit organization and local office.

16. PROPOSAL APPROACH: Include, at a minimum, the following points:

- 16.1 Type of audit program used (i.e., tailor-made, standard government, etc.)
- 16.2 Organization of audit team and approximate percentage of time spent on the proposed audit.
- 16.3 Management letter (provide a sample letter). Should have an emphasis on improving operation efficiencies.
- 16.4 Typical assistance expected from government's staff.
- 16.5 Tentative schedule for completing the audit within specified deadlines of the RFP, including time estimates, number of hours required to complete audit (i.e., percentage of time for report review and detailed testing, and commencement & completion dates).

17. FEES AND COMPENSATION: Proposal shall include an audit fee schedule for six (6) year period. Fees should include a fixed price proposal for each of the six years, subject to adjustment due to mutually agreed upon extenuating circumstances. Implementation of new GASBs should be considered within the scope of the audit and included in the fixed price proposal.

- 17.1 Estimated total hours for performing the County wide and Building Commission audits (use actual estimated hours).
- 17.2 Estimated additional expenses (itemized).
- 17.3 Proposed hourly rate by staff classification (reflect the billing rate to the County, if different from the standard rate).
- 17.4 Total firm fixed price proposal for the County wide audit and a separate fee for the Building Commission audit.

- 18. EXCEPTIONS:** Conditional or qualified proposals are subject to rejection in whole or in part.
- 18.1 All exceptions to the requirements, conditions, specifications, or other provisions of this RFP must be in writing and attached as an exhibit to the proposal clearly labeled "Exceptions & Clarifications of the Requirements" at the time of submission by the Proposer.
- 18.1.1 Exceptions and clarifications made in any other manner or form whether by omission or by inclusion in any other manner other than as specifically described herein shall not be made a part of the resulting contract.
- 18.1.2 Exceptions and clarifications made by the Proposer which are determined to be acceptable to the County shall be made a part of the resulting contract by inclusion as a provision of a mutually executed Amendment to the Contract.
- 18.1.3 Exceptions and clarifications which are not made a part of said Amendment shall not be included in the contract nor be binding upon the County and the requirements, conditions, specifications and provisions of the RFP shall prevail.

- 19. EVALUATION CRITERIA:** This project will be awarded to the most responsive proposer whose proposal will be most advantageous to the County, and deemed by the Audit Committee to best serve the Counties needs. Interested Proposals will be ranked according to the following criteria:
- 19.1 MANDATORY CRITERIA: Must meet the following criteria to be considered:
- 19.1.1 Must be licensed to practice public accounting in the State of Nebraska.
- 19.1.2 Must have undergone an acceptable external quality control review within the last 3 years.
- 19.1.3 Appropriate staff must meet the continuing education as noted in "Government Auditing Standards" published by the Comptroller General of the United States (1988).
- 19.1.4 Must not have a disciplinary record of substandard work filed against them.
- 19.2 QUALIFICATIONS: Organizational structure and experience of the firm in government auditing.
- 19.2.1 Recent experience in similar types of work.
- 19.2.2 Individuals with whom the proposed audit team may consult.
- 19.2.3 Qualifications of the audit team and number of individuals trained and experienced in governmental auditing.
- 19.3 PROPOSED APPROACH: Understanding of scope of services and approach to the County auditing requirements.
- 19.3 Including, type of audit, organization of team, county involvement, etc.

- 19.4 SCHEDULE OF WORK: Realistic proposed time schedule for completing the work.
- 19.5 EXCEPTIONS: Conditional or qualified proposals are subject to review by the County and may be rejected in whole or in part.
- 19.6 ORAL INTERVIEWS: The County designated Audit Committee will review the Proposers' written proposal and rank them according to the criteria listed, then the top ranked Proposer(s) will be contacted to participate in a verbal interview(s).
 - 19.6.1 The select Proposer or group of Proposers will be invited to make a verbal presentation to clarify and expand upon the proposal response.
- 19.7 FEES AND COMPENSATION: Overall cost, including expenses for the performance of the work described herein.

**SAMPLE
LANCASTER COUNTY
EXTERNAL AUDITING SERVICES
RFP #04-001**

NAME OF FIRM EVALUATED: _____
EVALUATED BY: _____ DATE: _____

Proposal must meet the following mandatory criteria to be considered:

1. Must be licensed to practice public accounting in the State of Nebraska.
2. Must have undergone an acceptable external quality control review within the last 3 years.
3. Appropriate staff must meet the continuing education as noted in "Government Auditing Standards" published by the Comptroller General of the United States (1988).
4. Must not have a disciplinary record of substandard work filed against them.

Rating on technical criteria:

1. QUALIFICATIONS: Organizational structure and size of entire firm. Included: resources available, personnel and research, existing areas of specialization, and commitment to governmental auditing and related. (0-10) _____
2. QUALIFICATIONS: Resumes of the audit team and number of individuals trained and experienced in governmental auditing. Also included are the qualifications of individuals with whom the audit team may consult, training/continuing education, level of experience as accountants, percentage of time devoted to governmental units, and number of CPA's involved. (0-20) _____
3. QUALIFICATIONS: Recent experience with similar type of governmental auditing services. (0-10) _____
4. SCOPE OF SERVICES: Understanding of work, including: commentary showing understanding of what is required to perform a successful public audit, ability to identify and address critical areas of exposure and non-conforming activities. (0-15) _____
5. SCOPE OF SERVICES: Organization of audit team and percent of time by team members spent on the audit. (0-10) _____
6. SCHEDULE OF WORK: Realistic proposed time schedule for completing the work, including: number of hours to perform specific tasks and personnel devoted to these tasks. (0-10) _____
- TOTAL POINTS FOR TECHNICAL SCORE: (0-75) _____**

NOTE: Points will be allocated on the basis of 0 being poor and max. points best.

SAMPLE
LANCASTER COUNTY
EXTERNAL AUDITING SERVICES
RFP #04-001

RATING ON COST

POSSIBLE POINTS: 25

EVALUATION FORMULA:

$$\begin{array}{lcl} \text{Cost Score} & = & \begin{array}{l} \text{(a) } \underline{\text{Lowest bid cost received x 25}} \\ \text{(b) Bid cost for this firm} \end{array} \\ \\ \text{(a) } \underline{\hspace{2cm}} & \times 25 & = \text{(c) } \underline{\hspace{2cm}} \\ \text{(b)} & & \end{array}$$

RATING ON TECHNICAL CRITERIA

POSSIBLE POINTS: 75

$$\begin{array}{lcl} \text{Technical Score} & = & \begin{array}{l} \text{(x) } \underline{\text{Score for this form}} \\ \text{(y) Highest technical score x 75} \end{array} \\ \\ \text{(x) } \underline{\hspace{2cm}} & \times 75 & = \text{(z) } \underline{\hspace{2cm}} \\ \text{(y)} & & \end{array}$$

TOTAL SCORE

$$\begin{array}{lcl} & & \text{(C) } \underline{\hspace{2cm}} \\ & & + \text{(Z) } \underline{\hspace{2cm}} \\ \text{TOTAL SCORE} & = & \underline{\hspace{2cm}} \end{array}$$

F:\FILES\SHARPURC\Spec.04\04-001 Audit Svs Co

SAMPLE CONTRACT & INSURANCE DOCUMENTS

INSURANCE CLAUSE

FOR ALL COUNTY CONTRACTS

The Contractor shall indemnify and save harmless, to the fullest extent allowed by law, Lancaster County, Nebraska from and against all losses, claims, damages and expenses, including attorney's fees, arising out of or resulting from the performance of the contract that results in bodily injury, sickness, disease, death or injury to or destruction of tangible property, including the loss of use resulting therefrom and is caused in whole or in part by the Contractor, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable.

Contractor shall not commence work under this contract until he has obtained all insurance required under this Section and such insurance has been approved by LANCASTER COUNTY, nor shall the Contractor allow any subcontractor to commence work on his subcontract until all similar insurance required of the subcontractor has been so obtained and approved.

- A. Workers' Compensation Insurance and Employer's Liability Insurance: The Contractor shall take out and maintain during the life of this contract the applicable statutory Worker's Compensation Insurance, and in the case of any work sublet, the Contractor shall require the subcontractor similarly to provide statutory Worker's Compensation Insurance for the latter's employees. Coverage shall be provided by an insurance company authorized to write such insurance in all states where the Contractor will have employees located in the performance of this contract, and the Contractor shall require each of his subcontractors similarly to maintain Employer's Liability Insurance similarly to the Contractor.

Workers' Compensation - Required limits:

Coverage A - Coverage will include Statutory requirements

Coverage B - Employers Liability

\$100,000 Each Person

\$100,000 Each Person by Disease

\$500,000 Policy Limit - Disease

- B. General Liability Insurance

1. The Contractor shall maintain during the life of this contract, Commercial General Liability Insurance, naming and protecting him and Lancaster County against claims for damages resulting from (a) bodily injury, including wrongful death, and (b) property damage which may arise from operations under this contract whether such operations be by himself or by any subcontractor or anyone directly or indirectly employed by either of them. The insurance requirements are:

Commercial General Liability (form CG0001 or equivalent) with limits of:

\$1,000,000 Each Occurrence

\$1,000,000 Personal Injury

\$2,000,000 Products/Completed Operations

\$2,000,000 General Aggregate

and:

1. Coverage shall include Contractual Liability coverage insuring the contractual exposure as addressed in this contract.
2. There shall be no exclusion or limitation for the Explosion (X), Collapse (C) and Underground (U) hazards.

3. Coverage shall also include Products/Completed Operations.
 4. **Lancaster County shall be named as Additional insured (CG2010 or equivalent).**
 5. The Commercial General Liability coverage shall be endorsed with the Designated Construction Project(s) General Aggregate Limit endorsement (CG 25 03 or equivalent).
- C. Automobile Liability Insurance: The Contractor shall take out and maintain during the life of the contract such Automobile Liability Insurance as shall protect him against claims for damages resulting from (a) bodily injury, including wrongful death, and (b) property damage which may arise from the operations of any owned, hired, or now-owned automobiles used by or for him in any capacity in connection with the carrying out of this contract. The minimum acceptable limits of liability to be provided by such Automobile Liability Insurance shall be as follows:
- Bodily Injury and Property Damage 1,000,000 Combined Single Limit
- D. Builder's Risk Insurance: **(For Building Construction Contracts Only)** Unless otherwise specified where buildings are to be constructed under this contract, the Contractor shall provide coverage for all direct physical loss (also known as "Special Causes of Loss"). Such insurance shall be written on a Replacement Cost basis covering such building in the amount equal to one-hundred percent (100%) of the contract amount (minimum) as specified herein. Losses, if any, shall be made payable to LANCASTER COUNTY and Contractor as their interest may appear. A certificate of insurance evidencing such insurance coverage shall be filed with LANCASTER COUNTY by the time work on the building begins and such insurance shall be subjected to the approval of LANCASTER COUNTY.
- E. Minimum Scope of Insurance: All Liability Insurance policies shall be written on an "Occurrence" basis only. All insurance coverage are to be placed with insurers authorized to do business in the State of Nebraska and must be placed with an insurer that has A.M. Best's Rating of no less than A:VII unless specific approval has been granted by LANCASTER COUNTY.
- F. Certificate of Insurance: All Certificates of Insurance shall be filed with LANCASTER COUNTY on the standard ACCORD CERTIFICATE OF INSURANCE form showing the specific limits of insurance, coverage modifications and endorsements required by the preceding Sections A, B, C, D and showing LANCASTER COUNTY is an additional insured where required. Such certificate shall specifically state that insurance policies are to be endorsed to require the insurer to provide LANCASTER COUNTY thirty days, notice of cancellation non-renewal or any material reduction of insurance coverage.

The original certificate shall be provided to Lancaster County as designated and a copy to: Office of Risk Management, Lancaster County (555 So. 9th Street, Lincoln, NE 68508)

Original Contract to: Contractor
County Clerk - Public File
Department/Division

SAMPLE CONTRACT

CONTRACT DOCUMENTS

LANCASTER COUNTY

N E B R A S K A

F O R
SPECIFICATION #**

EXTERNAL AUDITING SERVICES
FOR LANCASTER COUNTY FUNDS

CONTRACTOR: CONTRACTOR

CONTRACT FOR PROFESSIONAL SERVICES

THIS CONTRACT, executed in triplicate on this ____ day of _____, by and between Lancaster County, Nebraska, hereinafter called the "County", and **CONTRACTOR, ADDRESS**, hereinafter called the "Contractor".

WHEREAS, the County wishes to obtain the services of the Contractor to perform the annual external audit of all County funds and Officers required by Neb. Rev. Stat. sections 23-1608 to 23-1610 R.R.S. 1943 (Reissue 1991), as amended, and conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States, the provisions of OMB Circular A-133 Audits of "State, Local Governments, & Non-Profit Organizations" and rules and regulations promulgated by the Auditor of Public Accounts, which are hereby incorporated herein by reference; and

WHEREAS, the Contractor has responded to said Request for Proposals Specification #**, **said proposal response is attached hereto and incorporated herein by reference as Exhibits "A - Written Proposal", "B - Contractor's Proposal Response" and "C - Insurance Requirements for County Contracts"**; and

WHEREAS, this contract is in the best interests of the public fulfilling the requirements of Section 23-1608 et seq., and additional audit needs of the County.

NOW THEREFORE, BE IT UNDERSTOOD AND AGREED:

1. CONTRACTOR WILL:

- 1.1 Provide auditors of various classifications to satisfactorily complete requested services.
- 1.2 Begin work on the audit engagement as specifically agreed upon with the County.
- 1.3 Perform all work in accordance with government auditing standards and Section 23-1608 et seq. and specifications noted in the County's specification documents.
- 1.4 Immediately inform the Auditor of Public Accounts and County Attorney if the audit discloses any irregularity in the collection or disbursement of public funds or in the abatement of taxes.
- 1.5 Provide access to the working papers to parties authorized by the County's Board of Commissioners including any appropriate federal agencies for the period of time specified in relevant agreements entered into by the County.
- 1.6 Conduct individual department exit conferences with the Department Head and/or County Official regarding the initial findings.

2. CONDITIONS OF PAYMENT:

2.1 It is understood that the fees for services set forth herein shall be reimbursed at the rates as indicated in the proposal response fee schedule - **Exhibit "B"**.

2.2 The Contractor shall present an invoice for services in the following manner:

Monthly as the work progresses for percentage of work completed.
20% will be retained by the County until all deliverables are received.

2.3 Payment shall be made within 30 days of receipt of invoice.

2.4 The total reimbursement, unless otherwise mutually agreed upon and amended in writing, shall not be for more than:

	<u>FIRM FIXED PRICE</u>
Initial 3 year term: FY 2004	<u>\$.00</u>
FY 2005	<u>\$.00</u>
FY 2006	<u>\$.00</u>
Optional Renewals: FY 2007	<u>\$.00</u>
FY 2008	<u>\$.00</u>
FY 2009	<u>\$.00</u>

2.5 It is understood that the County may, at its option elect to have each year's Audits completed at a fee not to exceed the above-noted maximum fee. However, should legislative changes or regulations occur altering the County's auditing requirements, the County reserves the right to limit the number of years to which the County will be bound by this agreement. If the County desires to extend this contract for the three (3) each optional renewal years (2007, 2008 and 2009), an engagement memorandum will be issued by the County and signed by both parties indicating the extension of this agreement.

3. TERMINATION PROVISIONS: The County shall have the right to terminate this contract upon twenty (20) days written notice to the Successful Contractor, if the Contractor:

3.1 Refuses or fails to supply enough properly skilled staff to satisfactorily provide complete acceptable auditing services as requested by the County.

3.2 Disregards laws, ordinances, or regulations or orders of public authority having jurisdiction over the Contract.

3.3 Otherwise commits a substantial breach of any provision of the Contract Documents.

3.3.1 Twenty days after the receipt of such notice, the contract shall automatically terminate without further obligation of the parties, except the Contractor may be paid on the basis of performed work hereunder which can be used by the

firm secured by the County to complete the requirements (applies to 3.1, 3.2 and 3.3 of this contract).

3.3.2 The county may, at its discretion, contract for provision of the services required to complete the contract and hold the Contractor liable for all expenses incurred in such additional contract over and above the total cost of performance set forth in the contract (applies to 3.1, 3.2 and 3.3).

3.4 Should legislative changes or regulation occur altering the County's auditing requirements, the County reserves the right to limit the number of years to which the County will be bound to the agreement.

3.5 *By mutual consent by both parties of the contract agreement*, upon receipt and acceptance of written notice, the contract may be terminated on an agreed upon date, prior to the end of the contract period, without penalty to either party.

3.5.1 Upon any such termination, the Contractor agrees to waive any claims for damages, including loss of anticipated profits, on account thereof, and as the sole right and remedy of the Contractor, the County shall pay Contractor in accordance with this section.

4. INDEPENDENT CONTRACTOR:

4.1 It is the expressed intent of the parties that this Agreement shall not create an employer-employee relationship.

4.2 Employees of the Contractor shall not be deemed to be employees of the County and employees of the County shall not be deemed to be employees of the Contractor.

4.2.1 The Contractor and the County shall be responsible to their respective employees for all salary and benefits.

4.2.2 Neither the Contractor's employees nor the County's employees shall be entitled to any salary or wages from the other party or to any benefits made to their employees, including but not limited to overtime, vacation, retirement benefits, workers' compensation, sick leave or injury leave.

4.3 Contractor shall also be responsible for maintaining workers' compensation insurance, unemployment insurance for its employees, and for payment of all federal, state, local and any other payroll taxes with respect to its employees' compensation.

4.4 The Contractor shall not receive any additional compensation in the form of wages or benefits which are not specifically set forth in this agreement.

5. HOLD HARMLESS:

- 5.1 The Contractor shall indemnify and hold harmless to the fullest extent allowed by law, the County, its members, its officers and employees from and against any and all claims, damages, losses, and expenses (including court-ordered attorneys fees) arising out of or resulting from acts of its agents and employees in the performance of this Agreement.
- 5.1.1 Further, each party shall maintain a policy or policies of insurance sufficient in coverage and amount to pay any judgments or related expenses from or in conjunction with any such claims.
- 5.1.2 Each party agrees that it will be responsible for its own acts and omissions and the results of its own acts and omissions, and shall not be responsible for the acts or omissions of the other party.
- 5.1.3 The parties agree to assume all risk and liability for any injury to person or property resulting in any manner from each party's own acts or omissions related to the Agreement, including acts or omissions by each party's own agents or employees related to this Agreement.
- 5.1.4 Liability includes any claims, damages, losses or expenses (including attorneys' fees) arising out of or resulting from performance of this Agreement that results in any claim for damage whatsoever including any bodily injury, civil rights liability, sickness, disease, or property, including any resulting loss of use.
- 5.2 In any and all claims against the County or any of its members, officers or employees by an employee of the proposer, any subcontractor, anyone directly or indirectly employed by any of them or by anyone for whose acts made by any of them may be liable, the indemnification obligation under paragraph 5.1 (5.1.1 to 5.1.4) shall not be limited in any way by any limitation of the amount or type of damages, compensation or benefits payable by or for the Contractor or any subcontractor under worker's or workmen's compensation acts, disability benefit acts or other employee benefit acts.

6. INCORPORATED INTO THE CONTRACT: This document without exhibits is referred to as the "Agreement".

- 6.1 Exhibits ("A" to "D") referenced below and attached, are hereby incorporated herein by reference.
- 6.1.1 **Exhibit A** - The County's original Request for Proposal Specification
- 6.1.2 **Exhibit B** - The Contractor's written response
- 6.1.3 **Exhibit C** - The County's Insurance requirements and Contractor Certificate
- 6.1.4 **Exhibit D** - Any negotiated terms & conditions (mutually agreed)
- 6.1.5 **Attachment A** - HIPAA Compliance "Business Associates Agreement"
- 6.2 The County reserves the right to initiate change to any provision of this Agreement.
- 6.3 All such changes shall be accomplished only by mutually signed Amendments.

- 6.4 No change hereto shall be valid unless in the form of a signed Amendment prepared and approved by both parties.

7. OTHER MATTERS:

- 7.1. The County Budget and Fiscal Officer will act as the County's authorized representative for this project, who will have direct and responsible charge of the project. All changes in scope, interpretations and other matters requiring decisions on the part of the County will be submitted to the County Project Representative **for approval by the County Board of Commissioners, prior to any changes taking effect.**
- 7.2 Any audit reports produced shall become the property of the County as soon as payment for same has been completed. The Contractor may retain copies of all information for their records and use if they so desire.
- 7.3 Any subletting, assignment or transfer of any services to be performed by the Contractor is hereby prohibited unless prior written consent of the County is obtained.
- 7.4 This contract shall be binding upon the successors and assigns of the parties hereto.
- 7.5 Neither the Contractor nor the Contractor's agents or employees shall discriminate against any employee or applicant for employment, or be employed in the performance of this contract, with respect to his/her hire, tenure, terms, conditions or privileges of employment, because of his race, color, religion, sex, disability or national origin, pursuant to requirements of State of Nebraska Statutes, Section 48-1122 (reissue 1998).
- 7.6 In no event shall the making by the County of any payment to the Consultant constitute or be construed as a waiver by the County of any breach of covenant, or any default which may then exist, on the part of the Consultant, and the making of any such payment by the County while any such breach or default shall exist in no way impair or prejudice any right or remedy available to the County in respect to such breach of default.

8. **INSURANCE REQUIREMENTS:** Contractor shall indemnify and save harmless the Lancaster County, Nebraska, or its representatives from all claims, demands, suits, actions, payments, liability, and judgments, arising from the activities of Contractor or of Contractor's agents, servants, or employees. In this connection, Contractor shall carry insurance in the kinds and minimum limits as indicated on **Exhibit "C"**, "Insurance Requirements for all County Contracts".

8.4 Professional Liability Insurance

The Contractor shall maintain during the life of this contract, Professional Liability Insurance, naming and protecting Contractor against claims for damages resulting from the Contractor's errors, omissions, or negligent acts. Such policy shall contain a limit of liability not less than **two million dollars** (\$2,000,000.00).

8.5 Certificate of Insurance

The insurance specified above shall be written by a company duly authorized and licensed to do business in the State of Nebraska and shall be maintained until Contractor's work has been completed and accepted by the County. A certificate of insurance evidencing policies required shall be furnished the Lancaster County, such certificate shall specifically indicate that insurance policies shall give the County at least thirty (30) days written notice in the event of cancellation of or material change in any of the policies.

9 CONFIDENTIALITY: Contractor will be required to hold all information gathered regarding a client in the strictest confidence.

9.1 Contractor agrees that it shall be compliant with the Health Insurance Portability and Accountability Act of 1996 and implementing regulations pertaining to confidentiality of health information.

9.2 Contractor also agrees to comply with the terms of Attachment "A", which is attached hereto and incorporated by this reference.

IN WITNESS WHEREOF, the parties have executed this contract on the date first above written. The undersigned signatory of the parties represents and warrants that she/he has full and complete authority to enter into contract for the performance of the work herein described.

EXECUTION BY LANCASTER COUNTY

APPROVED AS TO FORM:

LANCASTER COUNTY, NEBRASKA

As to form by Deputy County Attorney

By _____
County Board Chairperson

To Board Dated: _____

EXECUTION BY THE CONTRACTOR

NAME
ADDRESS
CITY/STATE/ZIP

By _____
(Signature)

Printed: _____

To Contractor Dated: _____

ATTACHMENT "A"
FOR: Auditing Services for Lancaster County
LANCASTER COUNTY
HIPPA Business Associate Agreement

This Agreement is made effective the ____ Day of _____, 200__, by and between the County of Lancaster, Nebraska ("County"), on behalf of NAME OF COVERED ENTITY ("Covered Entity") and CONTRACTOR ("Business Associate") (collectively the "Parties").

1. BACKGROUND

- 1.1 Covered Entity and Business Associate are parties to a contract entitled IDENTIFY SERVICE (the "Contract"), whereby Business Associate agrees to perform certain services for or on behalf of Covered Entity.
- 1.2 Covered Entity is an agency of Lancaster County that has been designated in whole or in part by the County as a health care component for purposes of the HIPAA Privacy Rule.
- 1.3 The relationship between Covered Entity and Business Associate is such that the Parties believe Business Associate is or may be a "business associate" within the meaning of the HIPAA Privacy Rule.
- 1.4 The Parties enter into this Business Associate Addendum to the Contract with the intention of complying with the HIPAA Privacy Rule provision that a covered entity may disclose protected health information to a business associate, and may allow a business associate to create or receive protected health information on its behalf, if the covered entity obtains satisfactory assurances that the business associate will appropriately safeguard the information.

2. DEFINITIONS - The following terms shall have the following meaning in this Agreement:

- 2.1 "HIPAA" means the Administrative Simplification Provisions, Sections 261 through 264, of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191.
- 2.2 "Individual" shall have the same meaning as the term "individual" in 45 CFR 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g).
- 2.3 "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR part 160 and part 164, subparts A and E.
- 2.4 "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- 2.5 "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR 164.501.
- 2.6 "Secretary" shall mean the Secretary of the United States Department of Health and Human Services or his designee.
- 2.7 Unless otherwise defined in this Agreement, terms used herein shall have the same meaning as those terms have in the Privacy Rule.

3. OBLIGATIONS OF BUSINESS ASSOCIATE

- 3.1 Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by this Agreement or as Required By Law.
- 3.2 Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.
- 3.3 Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.

- 3.4 Business Associate agrees to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware.
- 3.5 Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.
- 3.6 Business Associate agrees to provide access, at the request of Covered Entity, to Protected Health Information in a Designated Record Set to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR 164.524.
- 3.7 Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 CFR 164.526 at the request of Covered Entity or an Individual.
- 3.8 Business Associate agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity, or to the Secretary, in a time and manner designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.
- 3.9 Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR 164.528, and to provide this information to Covered Entity or an Individual to permit such a response.

4. PERMITTED USES AND DISCLOSURES

- 4.1 Except as otherwise limited in this Agreement, if the Contract permits, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Contract, provided that such use or disclosure:
 - 4.1.1 would not violate the Privacy Rule if done by Covered Entity; or
 - 4.1.2 would not violate the minimum necessary policies and procedures of the Covered Entity.
- 4.2 Except as otherwise limited in this Agreement, if the Contract permits, Business Associate may use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.
- 4.3 Except as otherwise limited in this Agreement, if the Contract permits, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that:
 - 4.3.1 disclosures are Required By Law; or
 - 4.3.2 Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- 4.4 Except as otherwise limited in this Agreement, if the Contract permits, Business Associate may use Protected Health Information to provide data aggregation services to Covered Entity as permitted by 42 CFR 164.504(e)(2)(i)(B).

- 4.5 Notwithstanding the foregoing provisions, Business Associate may not use or disclose Protected Health Information if the use or disclosure would violate any term of the Contract.

5. TERM AND TERMINATION

- 5.1 **Term.** The Term of this Agreement shall be effective as of the effective date stated above and shall terminate when the Contract terminates.
- 5.2 **Termination for Cause.** Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity may, at its option:
- 5.2.1 Provide an opportunity for Business Associate to cure the breach or end the violation, and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;
 - 5.2.2 Immediately terminate this Agreement; or
 - 5.2.3 If neither termination nor cure are feasible, report the violation to the Secretary as provided in the Privacy Rule.
- 5.3 **Effect of Termination.**
- 5.3.1 Except as provided in paragraph (2) of this section or in the Contract, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
 - 5.3.2 In the event that Business Associate determines that returning or destroying the Protected Health Information is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction not feasible. Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

6. GENERAL TERMS AND CONDITIONS

- 6.1 This Agreement amends and is part of the Contract.
- 6.2 Except as provided in this Agreement, all terms and conditions of the Contract shall remain in force and shall apply to this Agreement as if set forth fully herein.
- 6.3 In the event of a conflict in terms between this Agreement and the Contract, the interpretation that is in accordance with the Privacy Rule shall prevail. In the event that a conflict then remains, the Contract terms shall prevail so long as they are in accordance with the Privacy Rule.
- 6.4 A breach of this Agreement by Business Associate shall be considered sufficient basis for Covered Entity to terminate the Contract for cause.

The Parties to the Agreement do hereby agree that all the terms and conditions of this to the Agreement shall by these presents be binding upon themselves, and their heir(s), administrators, executors, legal and personal representatives, successors, and assigns.

IN WITNESS WHEREOF, the Agreement Parties do hereby execute this Addendum.

EXECUTED this ____ day of _____, 2003.

Lancaster County Board of Commissioners
555 So. 10th Street, Lincoln, NE 68508

BY: _____
Chairperson

EXECUTED this ____ day of _____, 2003.

Contractor Name
Address
City State Zip

BY: _____

PRINTED: _____

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